

7 MAR 1983

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MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Deputy Director for Intelligence

FROM: [redacted]
Director of Global Issues

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SUBJECT: Synthetic Fuels Corporation

1. Per your suggestion I met with [redacted] President of United States Synthetic Fuels Corporation on 4 March 1983. Also attending was [redacted] Special Assistant to the Chairman of the Corporation.

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2. As you know, the downward trends in oil prices have virtually killed the private sector interest in the synfuels business. Consequently, the Corporation is having difficulty executing its legislative mandate to coventure with the private sector a variety of domestic synfuel projects. The Corporation has had available for some time \$18 billion to finance this venture but have yet to expend any of the money. Increasingly, the Congress, OMB and the press is calling for a much scaled down version of the Corporation and, in some quarters, a total abolishment.

3. Nevertheless, both [redacted] are optimistic that they will be able to initiate some 14 projects before the end of 1984. In addition to the US private sector, they are hoping to attract foreign government's participation, particularly the Japanese and West Germans. The persistent problem in getting foreign governments interested beyond the discussion stage is that current laws do not permit the export of US oil.

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4. [redacted] stated that they are obligated by law to provide to the Congress a synfuels strategy and policy paper by June 1984. He asked me what sort of assistance we could provide to this end. I told him that they would undoubtedly have to state their message in the context of the world energy and economic situation and that we would be glad to brief their senior officer on these topics. He was grateful for that offer.

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5. [] also stated that the President is soon to be briefed on US policies and strategy for synfuel development. He feels that because of oil market conditions and trends, the persuasive arguments for continuing an aggressive synfuels program will need to be made on the basis of long-term energy security and national security grounds. He hopes that if you are at the meeting you will be inclined to be supportive of the synfuels program. We, of course, are prepared to provide relevant backup material should you participate.

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